

**PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS**

FINANCIAL STATEMENT

FISCAL YEAR ENDED JUNE 30, 2013

**KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
MARYSVILLE, KANSAS 66508**

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

FINANCIAL INFORMATION

KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Education
Prairie Hills Unified School District No. 113
Sabetha, Kansas 66534

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances for the Prairie Hills Unified School District No. 113, Sabetha, Kansas, as of and for the year ended June 30, 2013, and the related notes to the financial statement, which collectively comprise the district's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 C. to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of The United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 C. of the financial statement, the financial statement is prepared by Prairie Hills Unified School District No. 113, Sabetha, Kansas, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 C. and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Prairie Hills Unified School District No. 113, Sabetha, Kansas, as of June 30, 2013, or the changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Prairie Hills Unified School District No. 113, Sabetha, Kansas, as of June 30, 2013, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1 C.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 11, 2013, on our consideration of the Prairie Hills Unified School District No. 113, Sabetha, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prairie Hills Unified School District No. 113, Sabetha, Kansas' internal control over financial reporting and compliance.

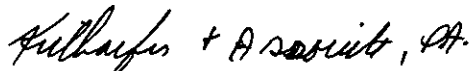
Report on Regulatory-Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement

of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, and schedule of regulatory basis receipts, expenditures and unencumbered cash - activity funds (Schedules 1,2,3,and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information have been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1 C.

Other Matters

Our audit was performed for the purpose of forming an opinion on the regulatory basis financial statement of the district taken as a whole. The information identified in the table of contents as supplementary information, is presented for purposes of additional analysis and not a required part of the financial statement. The accompanying comparison of depository security and the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the regulatory basis financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole, on the basis of accounting described in Note 1 C.



Kickhaefer & Associate, P.A.

Marysville, Kansas

November 11, 2013

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

STATEMENT 1
PAGE 1 OF 2

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FUNDS	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELED ENCUMBRANCES	RECEIPTS	EXPENDITURES	UNENCUMBERED CASH BALANCE	ADD OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
GENERAL FUNDS							
GENERAL	\$ 0.00	\$ 0.00	\$ 8,677,701.65	\$ 8,677,701.65	\$ 0.00	\$ 302,364.81	\$ 302,364.81
SUPPLEMENTAL GENERAL	205,557.73	0.00	2,572,514.07	2,602,904.00	175,187.80	0.00	175,187.80
SPECIAL PURPOSE FUNDS							
CAPITAL OUTLAY	2,331,378.96	0.00	592,238.52	911,235.92	2,012,379.56	0.00	2,012,379.56
DRIVER TRAINING	48,720.07	0.00	12,171.10	19,308.19	41,582.98	0.00	41,582.98
FOOD SERVICE	204,354.11	0.00	726,324.51	727,648.50	203,030.12	0.00	203,030.12
PROFESSIONAL DEVELOPMENT	71,136.50	0.00	40,085.00	37,599.00	73,622.50	0.00	73,622.50
BILINGUAL EDUCATION	437.00	0.00	767.60	767.60	437.00	0.00	437.00
SPECIAL EDUCATION	707,026.66	0.00	1,321,591.77	1,302,133.24	726,485.19	0.00	726,485.19
KPERS SPECIAL RETIREMENT CONTRIBUTION	0.00	0.00	706,101.21	706,101.21	0.00	0.00	0.00
VOCATIONAL EDUCATION	135,500.00	0.00	440,217.45	369,549.21	206,168.24	0.00	206,168.24
CONTINGENCY RESERVE	621,262.69	0.00	200,000.00	0.00	821,262.69	0.00	821,262.69
AT RISK (4 YR OLD)	9,335.02	0.00	83,738.06	59,335.00	33,738.08	0.00	33,738.08
AT RISK (K-12)	121,695.43	0.00	604,518.02	549,951.53	176,261.92	0.00	176,261.92
TEXTBOOK RENTAL	113,270.20	0.00	80,566.47	7,014.67	186,822.00	0.00	186,822.00
UNITED 4 YOUTH COUNTYWIDE GRANT	(15,372.95)	0.00	15,372.95	0.00	0.00	0.00	0.00
TOBACCO FREE GRANTS	132.59	0.00	0.00	132.59	0.00	0.00	0.00
UAYC DONATIONS	16,219.20	0.00	24,209.42	40,428.62	0.00	0.00	0.00
GIFTS AND DONATIONS	650.00	0.00	0.00	174.84	475.16	0.00	475.16
PEP & HRSA	0.00	0.00	0.00	5,570.25	(5,570.25)	0.00	(5,570.25)
TITLE I FY 13	0.00	0.00	144,722.00	129,337.43	15,384.57	0.00	15,384.57
TITLE I FY 12	8,228.83	0.00	0.00	8,228.83	0.00	0.00	0.00
TITLE II - A FY 13	0.00	0.00	51,819.00	51,819.00	0.00	0.00	0.00
TITLE II - A FY 12	1,399.82	0.00	0.00	1,399.82	0.00	0.00	0.00
GATE RECEIPTS FUNDS	97,066.75	0.00	142,668.07	157,774.56	81,960.26	0.00	81,960.26
SCHOOL PROJECT FUNDS	165,155.69	0.00	261,986.35	256,928.00	170,214.04	0.00	170,214.04
CAPITAL PROJECTS FUND:							
CONSTRUCTION AND BUILDING IMPROVEMENT	1,860,851.12	0.00	17,814.20	0.00	1,878,665.32	0.00	1,878,665.32
DEBT SERVICE FUND							
BOND AND INTEREST FUND-(#441)	533,682.22	0.00	563,032.17	538,743.76	557,950.63	0.00	557,950.63
BOND AND INTEREST FUND-(#488)	315,574.80	0.00	278,620.97	243,874.38	350,321.39	0.00	350,321.39
NONEXPENDABLE TRUST FUNDS--							
MILLS MEMORIAL SCHOLARSHIP	10,436.19	0.00	169.46	169.46	10,436.19	0.00	10,436.19
HEIMAN-DICK SCHOLARSHIP	24,000.00	0.00	168.00	0.00	24,168.00	0.00	24,168.00
EXPENDABLE TRUST FUNDS--							
SOURK MEMORIAL SCHOLARSHIP	1,486.80	0.00	30.41	600.00	927.21	0.00	927.21
ROTHFELDER SCHOLARSHIP	13,428.15	0.00	134.61	1,000.00	12,562.76	0.00	12,562.76
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 7,602,603.58	\$ 0.00	\$ 17,559,281.04	\$ 17,407,431.26	\$ 7,754,453.36	\$ 302,364.81	\$ 8,056,818.17

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

STATEMENT 1
PAGE 2 OF 2

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	ENDING CASH BALANCE
COMPOSITION OF CASH	
CASH IN BANK, UNITED BANK & TRUST, SABETHA, KANSAS	
- ACCOUNTS	
- CERTIFICATE OF DEPOSITS	\$ 3,016,711.76
SUBTOTAL	85,093.99
	<u>3,101,805.75</u>
CASH IN BANK, WETMORE NATIONAL BANK, WETMORE, KANSAS	
- ACCOUNTS	27,449.88
- CERTIFICATE OF DEPOSIT	75,000.00
SUBTOTAL	<u>102,449.88</u>
CASH IN BANK, MERIT BANK, GOFF, KANSAS	
- ACCOUNTS	10,949.99
- CERTIFICATE OF DEPOSITS	204,733.75
SUBTOTAL	<u>215,683.74</u>
CASH IN BANK, MORRILL & JAMES BANK, SABETHA, KANSAS	
- ACCOUNTS	
	<u>1,685,918.75</u>
CASH IN BANK, WESTERN NATIONAL BANK, SUMMERFIELD, KANSAS	
-ACCOUNTS	<u>3,565.24</u>
CASH IN BANK, COMMUNITY NATIONAL BANK, SENECA, KANSAS	
-CERTIFICATE OF DEPOSIT	<u>1,636,794.58</u>
CASH IN BANK, STATE BANK OF BERN, BERN, KANSAS	
- ACCOUNTS	1,264,552.00
-CERTIFICATE OF DEPOSITS	136,562.76
SUBTOTAL	<u>1,401,114.76</u>
TOTAL CASH	8,147,332.70
LESS AGENCY FUNDS per SCHEDULE 3	<u>(90,514.53)</u>
TOTAL REPORTING ENTITY (Excluding Agency Funds)	<u>\$ 8,056,818.17</u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Prairie Hills Unified School District No. 113 is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Prairie Hills Unified School District No. 113 (the municipality) and does not include any related municipal entities.

B. Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The following types of funds comprise the financial activities of the district for the fiscal year 2013:

General fund—the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds—used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest funds—used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project fund—used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Trust fund—funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund—funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

C. Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America—The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The school district has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the school district to use the regulatory basis of accounting.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Reimbursed expenses

Prairie Hills Unified School District No. 113 records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

E. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds: textbook rental, contingency reserve, and all federal program and grant funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

F. Property Tax

The county clerk calculates the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the county treasurer, who prepares tax statements and receives payment.

Taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 21st and May 11th. Delinquent taxes were assessed interest at 7% per annum for the calendar year 2012 and 6% per annum for calendar year 2013. This interest is retained by the county.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Property Tax (cont.)

Taxes levied to finance the budget are made available to the district after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Finance-Related Legal and Contractual Provisions

K.S.A. 75-3317 through 75-3322 makes mandatory the purchase of products offered by Kansas industries for the blind and severely disabled. "The Kansas Use Law" states that when a unified school district has need to purchase products such as those listed in the Kansas State Use Catalog, it is a violation of Kansas law to purchase from any source other than those specified on the website or catalog. USD #113 did purchase \$7,858.94 from these industries in fiscal year 2012-2013 but reasonably not all janitorial or office supplies needed throughout the school year were purchased from those specified by the State.

K.S.A. 60.111 requires public entities to have a bond with the State of Kansas in the amount of the contract for public building repairs or construction if the contract is over \$100,000.00. It also requires the bond to be on file with the Clerk of the District Court in the county where the repairs are made. There was no bond on file at the county for the electrical work done by Rogers & Sons for \$146,296.79. The district had a letter of credit from United Bank & Trust for the contract amount but did not comply with the statute.

Physical Education Program (PEP) grant is a reimbursable federal program. Exemption from the Kansas cash basis law K.S.A. 10-1113 is allowed for federal programs under K.S.A. 12-1664. Reimbursement for the PEP grant in the amount of \$5,570.25 was received in the next fiscal year.

K.S.A. 72-6760 requires expenditures greater than \$20,000 for construction or purchases of materials to be awarded to the lowest bidder through the sealed bid process. The district spent \$39,559.16 on janitorial supplies but no sealed bids were taken. Also the district purchased 120 IPADS from Apple Inc. for \$69,480.00 which should have gone through the sealed bid process.

The district did not meet the requirements of K.S.A. 10-130 for the 2009 General Obligation Bond Series and the 2005 General Obligation Refunding Bond Series due 3/1/13. The certificate for bond payment must reach the State 20 days prior to the due date. The certificate needed to be there by 2/9/13 and the State received it 2/13/13. Payments were made timely.

The district had a case of fraud in FYE 13. The Deputy Clerk who was in charge of payroll issued herself duplicate checks. She was paid by direct deposit and then would cancel that in the payroll system and issue a manual check as well. She also had some small checks due to negative deductions being entered in the accounting system. In order to keep payroll returns and contract amounts showing the correct amounts, she made journal entries to KPERS Penalty and Administrative Office expense accounts. United Bank & Trust alerted the district when two payroll checks came through in the same month. She repaid the district the total of the embezzled funds \$36,145.12 by June 30, 2013. This is a violation of K.S.A. 74-4940.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the school district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the school district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The school district has no other policies that would further limit interest rate risk.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

3. DEPOSITS AND INVESTMENTS (cont.)

K.S.A. 12-1675 limits the school district's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the school district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2013.

At June 30, 2013, the carrying amount of the district's deposits was \$8,147,332.70 and the bank balance was \$8,406,873.04. The bank balance was held by seven banks resulting in a concentration of credit risk. Of the bank balance, \$1,323,169.15 was covered by federal depository insurance and \$7,083,703.89 was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. At year-end the district had no investments.

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The school district received \$497,677.00 subsequent to June 30, 2013 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2013.

5. LONG-TERM DEBT

Changes in long-term liabilities for the district for the year ended June 30, 2013 were as follows:

ISSUE	INTEREST RATES	DATE OF ISSUE	AMOUNT OF ISSUE	DATE OF FINAL MATURITY	BEGINNING PRINCIPAL OUTSTANDING	ADDITIONS TO PRINCIPAL	REDUCTIONS OF PRINCIPAL	NET CHANGE IN PRINCIPAL	ENDING PRINCIPAL OUTSTANDING	INTEREST PAID
GENERAL OBLIGATION BONDS:										
SERIES 2009-#441	3.0 - 4.45%	4/17/2009	\$ 8,345,000.00	9/1/2029	\$ 8,230,000.00	\$ 0.00	\$ 220,000.00	\$ (220,000.00)	\$ 8,010,000.00	\$ 318,743.76
SERIES 2005-#488	3.5-4.0%	10/15/2005	2,300,000.00	9/1/2020	1,870,000.00	0.00	175,000.00	(175,000.00)	1,695,000.00	68,874.38
BUILDING ENERGY IMPROVEMENT LEASE UNITED BANK	3.9 / - 5.9 / %	11/3/2009	857,759.00	7/15/2024	715,491.13	0.00	47,708.50	(47,708.50)	667,782.63	28,405.00
					\$ 10,815,491.13	\$ 0.00	\$ 442,708.50	\$ (442,708.50)	\$ 10,372,782.63	\$ 416,023.14

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

5. LONG-TERM DEBT (cont.)

	YEAR								
	2014	2015	2016	2017	2018	2019-2023	2024-2028	2029-2033	TOTAL
PRINCIPAL									
GENERAL OBLIGATION BONDS-2009-#441	\$ 240,000.00	\$ 260,000.00	\$ 285,000.00	\$ 305,000.00	\$ 330,000.00	\$ 2,105,000.00	\$ 2,085,000.00	\$ 1,500,000.00	\$ 8,010,000.00
GENERAL OBLIGATION BONDS-2005-#488	185,000.00	190,000.00	200,000.00	205,000.00	205,000.00	710,000.00	0.00	0.00	1,595,000.00
BUILDING ENERGY IMPROVEMENT LEASE		49,602.53	49,231.49	51,600.82	54,242.85	312,382.13	150,722.81	0.00	867,782.63
INTEREST									
GENERAL OBLIGATION BONDS-2009-#441	311,843.76	304,343.76	285,990.63	286,505.00	275,697.50	1,187,227.50	665,787.50	67,861.25	3,375,056.90
GENERAL OBLIGATION BONDS-2005-#488	82,418.75	55,867.50	48,500.00	40,700.00	32,500.00	43,600.00	0.00	0.00	283,386.25
BUILDING ENERGY IMPROVEMENT LEASE		26,510.97	30,723.55	28,354.22	25,712.19	94,072.12	13,639.94	0.00	219,012.99
TOTAL PRINCIPAL AND INTEREST	\$ 789,262.51	\$ 888,124.76	\$ 909,445.67	\$ 917,160.04	\$ 923,152.54	\$ 4,432,281.75	\$ 3,815,130.25	\$ 1,567,681.25	\$ 14,250,238.77

6. INTERFUND TRANSFERS

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-6428	\$ 977,737.89
General Fund	Bilingual Education	K.S.A. 72-6428	767.60
General Fund	At Risk K-12	K.S.A. 72-6428	333,828.58
General Fund	At Risk 4 Yr. Old	K.S.A. 72-6428	53,738.06
General Fund	Vocational Education	K.S.A. 72-6428	55,000.00
General Fund	Contingency Reserve	K.S.A. 72-6428	200,000.00
General Fund	Food Service	K.S.A. 72-6428	461.04
Supplemental General	Professional Development	K.S.A. 72-6433	40,000.00
Supplemental General	Special Education	K.S.A. 72-6433	320,000.00
Supplemental General	At Risk K-12	K.S.A. 72-6433	270,689.44
Supplemental General	At Risk (4 Yr. Old)	K.S.A. 72-6433	30,000.00
Supplemental General	Food Service	K.S.A. 72-6433	71,000.00
Supplemental General	Vocational Education	K.S.A. 72-6433	379,276.78
Supplemental General	Textbooks	K.S.A. 72-6433	50,000.00

7. DEFINED BENEFIT PENSION PLAN

Plan description. The Prairie Hills Unified School District No. 113, Sabetha, Kansas, participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

7. DEFINED BENEFIT PENSION PLAN (cont.)

and paid to KPERS according to provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post employment benefits. As provided by K.S.A. 12-5040, the school district allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the district is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the district makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid by the insured.

Termination Benefits. Prairie Hills Unified School District No. 113 provides an early retirement program for eligible certified staff. The board shall pay the retired employee for a period not to exceed 5 years or to age 67, whichever is less. The employee shall receive \$3,000 per year for each year benefits are received. If written notification is given on or before February 1 of the preceding year of retirement and the certified staff member has been an employee for 20 or more years, a \$2,500 bonus will be included in their salary the final year of service. They will also receive the Early Retirement incentive. In exchange for the bonus, the staff member will forfeit the \$15 a day pay for accumulated sick leave. 100% of the dollar amount stipend is paid with 20 years of service, 80% with 16 years service and 60% with 12 years service with the district. Payments to retired employees under this plan were \$38,000.00 for the year ended June 30, 2013.

Fringe Benefits. The district provides the lesser of \$235.00 or the monthly single low option health insurance premium as a defined benefit for all certified employees enrolled in the district health insurance plan. Employees may also elect to participate in a flexible benefit plan with one or more of the following options:

- dependent care insurance
- health insurance
- life insurance
- disability insurance
- cancer insurance
- medical reimbursement

Compensated Absences. The District's policies regarding vacation and sick leave are: Teachers are allowed 10 days sick leave accumulative to 90 days, one day bereavement leave, and three days personal leave accumulative to 4 days maximum. One additional day of sick leave is allowed for each month employed beyond a nine month contract; non-certified full-time employees are allowed ten days sick leave accumulative to 70 days, two days personal leave accumulative to sick leave if not used, and two weeks vacation for one to ten years employment and three weeks vacation after ten years; the superintendent is allowed 13 days sick leave accumulative to 90 days and 20 days vacation; the clerk-assistant superintendent is allowed 13 days sick leave accumulative to 90 days and 20 days vacation; the principals are allowed 13 days sick leave accumulative to 90 days and 25 days vacation. Teachers may choose to receive \$85 per unused personal day or roll unused days into their sick leave or roll 1 personal day to accumulate up to a maximum of 4 days in any year.

Liability for compensated absences is not reflected in the financial statements.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2013

9. COMMITMENTS AND CONTINGENCIES

Litigation

As of the audit date, there was no pending litigation which involved the Prairie Hills Unified School District #113.

Grant program involvement

In the normal course of operations, the District participates in various federal or state grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FUNDS	CERTIFIED BUDGET	ADJUSTMENT TO COMPLY WITH LEGAL MAX	ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	TOTAL BUDGET FOR COMPARISON	EXPENDITURES CHARGEABLE TO CURRENT YEAR	VARIANCE - OVER (UNDER)
GENERAL FUNDS						
GENERAL	\$ 8,615,282.00	\$ (100,172.00)	\$ 162,592.52	\$ 8,677,702.52	\$ 8,677,701.65	\$ (0.87)
SUPPLEMENTAL GENERAL	2,615,538.00	(12,634.00)	0.00	2,602,904.00	2,602,904.00	0.00
SPECIAL PURPOSE FUNDS						
CAPITAL OUTLAY	2,487,951.00	0.00	14,941.59	2,502,892.59	911,235.92	(1,591,656.67)
DRIVER TRAINING	48,720.00	0.00	0.00	48,720.00	19,308.19	(29,411.81)
FOOD SERVICE	922,039.00	0.00	0.00	922,039.00	727,648.50	(194,390.50)
PROFESSIONAL DEVELOPMENT	74,137.00	0.00	0.00	74,137.00	37,599.00	(36,538.00)
SPECIAL EDUCATION	2,413,603.00	0.00	0.00	2,413,603.00	1,302,133.24	(1,111,469.76)
KPERS SPECIAL RETIREMENT CONTRIBUTION	763,921.00	0.00	0.00	763,921.00	706,101.21	(57,819.79)
VOCATIONAL EDUCATION	392,789.00	0.00	0.00	392,789.00	369,549.21	(23,239.79)
AT RISK (K-12)	619,372.00	0.00	0.00	619,372.00	549,951.53	(69,420.47)
AT RISK (4 YR. OLD)	59,335.00	0.00	0.00	59,335.00	59,335.00	0.00
BILINGUAL EDUCATION	1,972.00	0.00	0.00	1,972.00	767.60	(1,204.40)
DEBT SERVICE FUNDS						
BOND AND INTEREST-#441	538,793.00	0.00	0.00	538,793.00	538,743.76	(49.24)
BOND AND INTEREST-#488	243,874.00	0.00	0.00	243,874.00	243,874.38	0.38

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 2
PAGE 1 OF 17

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
CASH RECEIPTS			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAXES -2011	\$ 33,426.95	\$ 19,944.00	\$ 13,482.95
AD VALOREM PROPERTY TAXES -2012	1,462,059.07	1,375,684.00	86,375.07
DELINQUENT PROPERTY TAX	10,406.97	14,846.00	(4,439.03)
TOTAL TAXES AND SHARED REVENUE	<u>1,505,892.99</u>	<u>1,410,474.00</u>	<u>95,418.99</u>
STATE SOURCES--			
GENERAL STATE AID	6,131,285.00	6,225,895.00	(94,610.00)
SPECIAL EDUCATION	876,477.00	976,602.00	(100,125.00)
MINERAL PRODUCTION TAX	1,454.14	2,311.00	(856.86)
TOTAL STATE SOURCES	<u>7,009,216.14</u>	<u>7,204,808.00</u>	<u>(195,591.86)</u>
THEFT REIMBURSEMENT	36,145.12	0.00	36,145.12
REIMBURSEMENTS	126,447.40	0.00	126,447.40
TOTAL CASH RECEIPTS	<u>8,677,701.65</u>	<u>\$ 8,615,282.00</u>	<u>\$ 62,419.65</u>
EXPENDITURES			
INSTRUCTION	4,484,409.02	\$ 4,510,906.00	\$ (26,496.98)
SUPPORT SERVICES:			
STUDENT SUPPORT	205,767.28	210,338.00	(4,570.72)
INSTRUCTIONAL SUPPORT	359,555.22	478,123.00	(118,567.78)
GENERAL ADMINISTRATION	388,608.01	335,870.00	52,738.01
SCHOOL ADMINISTRATION	225,147.92	106,403.00	118,744.92
OPERATIONS AND MAINTENANCE	672,475.28	581,667.00	90,808.28
STUDENT TRANSPORTATION	214,384.42	208,167.00	6,217.42
VEHICLE OPERATING SERVICE	153,528.66	138,669.00	14,859.66
VEHICLE SERVICES & MAINTENANCE	118,496.09	145,843.00	(27,346.91)
THEFT / FRAUD CENTRAL OFFICE	36,145.12	0.00	36,145.12
OTHER SUPPLEMENTAL SERVICE	159,579.84	185,125.00	(25,545.16)
STUDENT ACTIVITIES	38,071.62	0.00	38,071.62
ARCHITECTURAL & ENGINEERING SERVICE	0.00	1,106.00	(1,106.00)
OPERATING TRANSFERS TO:			
BILINGUAL EDUCATION	767.60	1,535.00	(767.40)
SPECIAL EDUCATION	977,737.89	1,307,776.00	(330,038.11)
VOCATIONAL EDUCATION	55,000.00	55,000.00	0.00
AT RISK (4 YR OLD)	53,738.06	50,000.00	3,738.06
AT RISK (K-12)	333,828.58	298,754.00	35,074.58
FOOD SERVICE	461.04	0.00	461.04
CONTINGENCY RESERVE	200,000.00	0.00	200,000.00
ADJUSTMENT TO COMPLY WITH LEGAL MAX	0.00	(100,172.00)	100,172.00
LEGAL GENERAL FUND BUDGET	8,677,701.65	8,515,110.00	162,591.65
ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	0.00	162,592.52	(162,592.52)
TOTAL EXPENDITURES	8,677,701.65	<u>\$ 8,677,702.52</u>	<u>\$ (0.87)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2012	0.00		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 0.00</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 2
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SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
AD VALOREM PROPERTY TAXES -2011	\$ 34,339.16	\$ 34,789.00	\$ (449.84)
AD VALOREM PROPERTY TAXES -2012	1,253,677.56	1,148,527.00	105,150.56
DELINQUENT PROPERTY TAX	11,459.93	13,571.00	(2,111.07)
MOTOR VEHICLE TAX	121,499.92	42,595.00	78,904.92
RECREATIONAL VEHICLE TAX	1,863.50	620.00	1,243.50
SUPPLEMENTAL STATE AID	<u>1,149,674.00</u>	<u>1,169,878.00</u>	<u>(20,204.00)</u>
TOTAL CASH RECEIPTS	<u>2,572,514.07</u>	<u>\$ 2,409,980.00</u>	<u>\$ 162,534.07</u>
<u>EXPENDITURES</u>			
INSTRUCTION	50,000.00	\$ 3,000.00	\$ 47,000.00
SUPPORT SERVICES:			
GENERAL ADMINISTRATION	325,066.46	247,100.00	77,966.46
SCHOOL ADMINISTRATION	674,784.85	775,088.00	(100,303.15)
OPERATIONS & MAINTENANCE	375,989.55	500.00	375,489.55
OPERATIONS & MAINTENANCE-TRANSPORTATION	0.00	536,161.00	(536,161.00)
OTHER SUPPLEMENTAL SERVICES	16,096.92	170,760.00	(154,663.08)
TRANSFERS:			
FOOD SERVICE	71,000.00	50,000.00	21,000.00
PROFESSIONAL DEVELOPMENT	40,000.00	3,000.00	37,000.00
SPECIAL EDUCATION	320,000.00	384,800.00	(64,800.00)
VOCATIONAL EDUCATION	379,276.78	206,206.00	173,070.78
TEXTBOOK & STUDENT MATERIALS	50,000.00	40,000.00	10,000.00
AT RISK 4 YR OLD	30,000.00	0.00	30,000.00
AT RISK (K-12)	270,689.44	198,923.00	71,766.44
ADJUSTMENT TO COMPLY WITH LEGAL MAX	<u>0.00</u>	<u>(12,634.00)</u>	<u>12,634.00</u>
TOTAL EXPENDITURES	<u>2,602,904.00</u>	<u>\$ 2,602,904.00</u>	<u>\$ 0.00</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(30,389.93)		
UNENCUMBERED CASH, JULY 1, 2012	<u>205,557.73</u>		
UNENCUMBERED CASH, JUNE 30, 2013.	<u>\$ 175,167.80</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 2
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CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
AD VALOREM PROPERTY TAXES -2011	\$ 12,194.14	\$ 8,581.00	\$ 3,613.14
AD VALOREM PROPERTY TAXES -2012	468,864.00	443,372.00	25,492.00
DELINQUENT PROPERTY TAX	4,134.88	4,800.00	(665.12)
MOTOR VEHICLE TAX	48,813.20	15,067.00	33,746.20
RECREATIONAL VEHICLE TAX	741.82	219.00	522.82
INTEREST ON IDLE FUNDS	38,904.44	0.00	38,904.44
OTHER REVENUE	3,642.45	0.00	3,642.45
REIMBURSEMENTS	14,941.59	0.00	14,941.59
 TOTAL CASH RECEIPTS	 592,236.52	 \$ 472,039.00	 \$ 120,197.52
<u>EXPENDITURES</u>			
INSTRUCTION - PROPERTY (EQUIP. & FURN.)	20,094.66	\$ 65,242.00	\$ (45,147.34)
STUDENT SUPP. SERV. - PROPERTY (EQUIP. & FURN.)	280,412.62	30,709.00	249,703.62
GENERAL ADMINISTRATION - PROPERTY (EQUIP. & FURN.)	118,271.94	200,000.00	(81,728.06)
SCHOOL ADMINISTRATION - PROPERTY (EQUIP. & FURN.)	36,749.72	140,000.00	(103,250.28)
TRANSPORTATION - PROPERTY (EQUIP. & FURN.)	182,500.00	220,000.00	(37,500.00)
FACILITIES - REPAIR & REMODELING BUILDING	268,206.98	0.00	268,206.98
FACILITIES - ARCHITECTURAL & ENGINEERING SERV.	5,000.00	1,752,000.00	(1,747,000.00)
BUILDING IMPROVEMENTS - OUTSIDE CONTRACTORS	0.00	80,000.00	(80,000.00)
ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	0.00	14,941.59	(14,941.59)
 TOTAL EXPENDITURES	 911,235.92	 \$ 2,502,892.59	 \$ (1,591,656.67)
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 (318,999.40)		
 UNENCUMBERED CASH, JULY 1, 2012	 2,331,378.96		
 UNENCUMBERED CASH, JUNE 30, 2013	 \$ 2,012,379.56		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 2
PAGE 6 OF 17

DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 9,021.00	\$ 0.00	\$ 9,021.00
OTHER LOCAL REVENUE	<u>3,150.10</u>	<u>0.00</u>	<u>3,150.10</u>
TOTAL CASH RECEIPTS	<u>12,171.10</u>	<u>\$ 0.00</u>	<u>\$ 12,171.10</u>
<u>EXPENDITURES</u>			
INSTRUCTION	15,332.00	\$ 45,242.00	\$ (29,910.00)
VEHICLE OPERATIONS & MAINTENANCE	<u>3,976.19</u>	<u>3,478.00</u>	<u>498.19</u>
TOTAL EXPENDITURES	<u>19,308.19</u>	<u>\$ 48,720.00</u>	<u>\$ (29,411.81)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(7,137.09)		
UNENCUMBERED CASH, JULY 1, 2012	<u>48,720.07</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 41,582.98</u>		

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 706,101.21	\$ 763,921.00	\$ (57,819.79)
<u>EXPENDITURES</u>			
INSTRUCTION	465,646.23	\$ 480,994.00	\$ (15,347.77)
STUDENT SUPPORT	20,293.97	19,870.00	423.97
INSTRUCTIONAL SUPPORT	26,385.92	37,974.00	(11,588.08)
GENERAL ADMINISTRATION	22,026.79	43,967.00	(21,940.21)
SCHOOL ADMINISTRATION	59,521.28	34,209.00	25,312.28
OTHER SUPPLEMENTAL SERVICES	26,889.69	31,500.00	(4,610.31)
OPERATIONS & MAINTENANCE	39,779.70	40,149.00	(369.30)
STUDENT TRANSPORTATION SERVICES	19,835.21	38,239.00	(18,403.79)
FOOD SERVICE	<u>25,722.42</u>	<u>37,019.00</u>	<u>(11,296.58)</u>
TOTAL EXPENDITURES	<u>706,101.21</u>	<u>\$ 763,921.00</u>	<u>\$ (57,819.79)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2012	<u>0.00</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 0.00</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 2
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FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
STATE OF KANSAS - FEDERAL AID	\$ 288,084.71	\$ 302,636.00	\$ (14,551.29)
- STATE AID	7,778.25	7,449.00	329.25
MEALS	348,186.57	357,924.00	(9,737.43)
TRANSFER FROM GENERAL FUND	461.04	0.00	461.04
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	71,000.00	50,000.00	21,000.00
OTHER REVENUE	10,813.94	0.00	10,813.94
 TOTAL CASH RECEIPTS	 726,324.51	 \$ 718,009.00	 \$ 8,315.51
<u>EXPENDITURES</u>			
OPERATIONS & MAINTENANCE	8,987.32	\$ 80,315.00	\$ (71,327.68)
FOOD SERVICE OPERATION	718,661.18	841,724.00	(123,062.82)
 TOTAL EXPENDITURES	 727,648.50	 \$ 922,039.00	 \$ (194,390.50)
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 (1,323.99)		
UNENCUMBERED CASH, JULY 1, 2012	204,354.11		
UNENCUMBERED CASH, JUNE 30, 2013	\$ 203,030.12		

CONSTRUCTION AND BUILDING IMPROVEMENTS

	12-13 ACTUAL
<u>CASH RECEIPTS</u>	
INTEREST EARNED	\$ 17,814.20
<u>EXPENDITURES</u>	
TRANSFER TO BOND & INTEREST	0.00
 TOTAL EXPENDITURES	 0.00
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 17,814.20
UNENCUMBERED CASH, JULY 1, 2012	1,860,851.12
UNENCUMBERED CASH, JUNE 30, 2013	\$ 1,878,665.32

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 2
PAGE 8 OF 17

PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
OTHER LOCAL REVENUE	\$ 85.00	\$ 0.00	\$ 85.00
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	40,000.00	3,000.00	37,000.00
 TOTAL CASH RECEIPTS	 40,085.00	 \$ 3,000.00	 \$ 37,085.00
 <u>EXPENDITURES</u>			
INSTRUCTION SUPPORT	37,599.00	\$ 74,137.00	\$ (36,538.00)
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 2,486.00		
UNENCUMBERED CASH, JULY 1, 2012	71,136.50		
UNENCUMBERED CASH, JUNE 30, 2013	\$ 73,622.50		

BILINGUAL EDUCATION FUND

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL FUND	\$ 767.60	\$ 1,535.00	\$ (767.40)
 <u>EXPENDITURES</u>			
INSTRUCTION	767.60	\$ 1,972.00	\$ (1,204.40)
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 0.00		
UNENCUMBERED CASH, JULY 1, 2012	437.00		
UNENCUMBERED CASH, JUNE 30, 2013	\$ 437.00		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 <u>ACTUAL</u>	12-13 <u>BUDGET</u>	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
OTHER REVENUE	\$ 23,853.88	\$ 14,000.00	\$ 9,853.88
TRANSFER FROM GENERAL FUND	977,737.89	1,307,776.00	(330,038.11)
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	<u>320,000.00</u>	<u>384,800.00</u>	<u>(64,800.00)</u>
TOTAL CASH RECEIPTS	<u>1,321,591.77</u>	<u>\$ 1,706,576.00</u>	<u>\$ (384,984.23)</u>
<u>EXPENDITURES</u>			
INSTRUCTION	1,276,193.49	\$ 1,607,447.00	\$ (331,253.51)
STUDENT SUPPORT SERVICES	2,192.04	735,156.00	(732,963.96)
GENERAL ADMINISTRATION	0.00	5,000.00	(5,000.00)
STUDENT TRANSPORTATION SERVICES	16,310.94	31,000.00	(14,689.06)
VEHICLE OPERATING SERVICES	<u>7,436.77</u>	<u>35,000.00</u>	<u>(27,563.23)</u>
TOTAL EXPENDITURES	<u>1,302,133.24</u>	<u>\$ 2,413,603.00</u>	<u>\$ (1,111,469.76)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	19,458.53		
UNENCUMBERED CASH, JULY 1, 2012	<u>707,026.66</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 726,485.19</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
CARL PERKINS	\$ 5,940.67	\$ 0.00	\$ 5,940.67
TRANSFER FROM GENERAL FUND	55,000.00	55,000.00	0.00
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	<u>379,276.78</u>	<u>206,206.00</u>	<u>173,070.78</u>
TOTAL CASH RECEIPTS	<u>440,217.45</u>	<u>\$ 261,206.00</u>	<u>\$ 179,011.45</u>
<u>EXPENDITURES</u>			
INSTRUCTION	<u>369,549.21</u>	<u>\$ 392,789.00</u>	<u>\$ (23,239.79)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	70,668.24		
UNENCUMBERED CASH, JULY 1, 2012	<u>135,500.00</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 206,168.24</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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AT RISK (4 YR OLD)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL	\$ 53,738.06	\$ 50,000.00	\$ 3,738.06
TRANSFER FROM SUPPLEMENTAL GENERAL	<u>30,000.00</u>	<u>0.00</u>	<u>30,000.00</u>
TRANSFER FROM GENERAL	<u>83,738.06</u>	<u>\$ 50,000.00</u>	<u>\$ (33,738.06)</u>
<u>EXPENDITURES</u>			
INSTRUCTION	50,174.27	\$ 51,715.00	\$ (1,540.73)
STUDENT TRANSPORTATION SERVICES	<u>9,160.73</u>	<u>7,620.00</u>	<u>1,540.73</u>
TOTAL EXPENDITURES	<u>59,335.00</u>	<u>\$ 59,335.00</u>	<u>\$ (0.00)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	24,403.06		
UNENCUMBERED CASH, JULY 1, 2012	<u>9,335.02</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 33,738.08</u>		

AT RISK (K-12)

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL	\$ 333,828.58	\$ 298,754.00	\$ 35,074.58
TRANSFER FROM SUPPLEMENTAL GENERAL	<u>270,689.44</u>	<u>198,923.00</u>	<u>71,766.44</u>
TOTAL CASH RECEIPTS	<u>604,518.02</u>	<u>\$ 497,677.00</u>	<u>\$ 106,841.02</u>
<u>EXPENDITURES</u>			
INSTRUCTION	<u>549,951.53</u>	<u>\$ 619,372.00</u>	<u>\$ (69,420.47)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	54,566.49		
UNENCUMBERED CASH, JULY 1, 2012	<u>121,695.43</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 176,261.92</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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BOND AND INTEREST FUND (USD #441)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
CASH RECEIPTS			
AD VALOREM PROPERTY TAX -2011	\$ 8,904.24	\$ 8,291.00	\$ 613.24
-2012	310,632.01	295,016.00	15,616.01
DELINQUENT PROPERTY TAXES	3,882.86	2,943.00	939.86
MOTOR VEHICLE TAX	39,698.15	9,239.00	30,459.15
RECREATIONAL VEHICLE TAX	579.91	135.00	444.91
OTHER REVENUE FROM LOCAL SOURCE	0.00	62,000.00	(62,000.00)
STATE AID	199,335.00	199,335.00	0.00
TOTAL CASH RECEIPTS	<u>563,032.17</u>	<u>\$ 576,959.00</u>	<u>\$ (13,926.83)</u>
EXPENDITURES			
INTEREST	318,743.76	\$ 318,743.00	\$ 0.76
PRINCIPAL	220,000.00	220,000.00	0.00
OTHER	0.00	50.00	(50.00)
TOTAL EXPENDITURES	<u>538,743.76</u>	<u>\$ 538,793.00</u>	<u>\$ (49.24)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	24,288.41		
UNENCUMBERED CASH, JULY 1, 2012	<u>533,662.22</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 557,950.63</u>		

BOND AND INTEREST FUND (USD #488)

	12-13 ACTUAL	12-13 BUDGET	VARIANCE - OVER (UNDER)
CASH RECEIPTS			
AD VALOREM PROPERTY TAX -2011	\$ 2,729.83	\$ 2,312.00	\$ 417.83
-2012	169,013.41	157,459.00	11,554.41
DELINQUENT PROPERTY TAXES	613.44	1,666.00	(1,052.56)
MOTOR VEHICLE TAX	15,784.11	5,229.00	10,555.11
RECREATIONAL VEHICLE TAX	246.18	76.00	170.18
STATE AID	90,234.00	90,233.00	1.00
TOTAL CASH RECEIPTS	<u>278,620.97</u>	<u>\$ 256,975.00</u>	<u>\$ 21,645.97</u>
EXPENDITURES			
INTEREST	68,874.38	\$ 68,874.00	\$ 0.38
PRINCIPAL	175,000.00	175,000.00	0.00
TOTAL EXPENDITURES	<u>243,874.38</u>	<u>\$ 243,874.00</u>	<u>\$ 0.38</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	34,746.59		
UNENCUMBERED CASH, JULY 1, 2012	<u>315,574.80</u>		
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 350,321.39</u>		

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	TEXTBOOK RENTAL FUND	CONTINGENCY RESERVE FUND	U4YC DONATIONS
<u>CASH RECEIPTS</u>			
RENTAL FEES	\$ 28,824.86	\$ 0.00	\$ 0.00
OTHER REVENUE	1,741.61	0.00	0.00
DONATIONS	0.00	0.00	18,959.42
STATE OF KANSAS	0.00	0.00	5,250.00
TRANSFER FROM GENERAL	0.00	200,000.00	0.00
TRANSFER FROM SUPPLEMENTAL GENERAL	50,000.00	0.00	0.00
TOTAL CASH RECEIPTS	<u>80,566.47</u>	<u>200,000.00</u>	<u>24,209.42</u>
<u>EXPENDITURES</u>			
TEXTBOOKS	7,014.67	0.00	0.00
SALARIES AND BENEFITS	0.00	0.00	25,162.39
SUPPLIES	0.00	0.00	1,245.00
OTHER	0.00	0.00	14,021.23
TOTAL EXPENDITURES	<u>7,014.67</u>	<u>0.00</u>	<u>40,428.62</u>
RECEIPTS OVER (UNDER) EXPENDITURES	73,551.80	200,000.00	-16,219.20
UNENCUMBERED CASH, JULY 1, 2012	<u>113,270.20</u>	<u>621,262.69</u>	<u>16,219.20</u>
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 186,822.00</u>	<u>\$ 821,262.69</u>	<u>\$ 0.00</u>

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	TITLE I FY13	TITLE I FY12	TOBACCO FREE GRANTS
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 144,722.00	\$ 0.00	\$ 0.00
<u>EXPENDITURES</u>			
INSTRUCTION	129,337.43	8,228.83	0.00
TOBACCO FREE SUPPLIES	0.00	0.00	132.59
TOTAL EXPENDITURES	129,337.43	8,228.83	132.59
RECEIPTS OVER (UNDER) EXPENDITURES	15,384.57	-8,228.83	-132.59
UNENCUMBERED CASH, JULY 1, 2012	0.00	8,228.83	132.59
UNENCUMBERED CASH, JUNE 30, 2013	\$ 15,384.57	\$ 0.00	\$ 0.00

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>TITLE II -A</u> <u>FY 13</u>	<u>TITLE II -A</u> <u>FY 12</u>	<u>PEP &</u> <u>HRSA</u>
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 51,819.00	\$ 0.00	\$ 0.00
<u>EXPENDITURES</u>			
INSTRUCTIONAL	51,819.00	1,399.82	0.00
PEP EQUIPMENT	0.00	0.00	5,570.25
TOTAL EXPENDITURES	51,819.00	1,399.82	5,570.25
RECEIPTS OVER (UNDER) EXPENDITURES	0.00	(1,399.82)	(5,570.25)
UNENCUMBERED CASH, JULY 1, 2012	0.00	1,399.82	0.00
UNENCUMBERED CASH, JUNE 30, 2013	\$ 0.00	\$ 0.00	\$ (5,570.25)

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>MILLS MEMORIAL SCHOLARSHIP</u>	<u>SOURK MEMORIAL SCHOLARSHIP</u>	<u>GIFTS AND DONATIONS</u>
<u>CASH RECEIPTS</u>			
INVESTMENT INTEREST INCOME	\$ 169.46	\$ 30.41	\$ 0.00
OTHER DONATIONS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL REVENUE	<u>169.46</u>	<u>30.41</u>	<u>0.00</u>
<u>EXPENDITURES</u>			
GRANT TO RECIPIENTS	169.46	600.00	0.00
WELLNESS EXPENSE	<u>0.00</u>	<u>0.00</u>	<u>174.84</u>
TOTAL EXPENDITURES	<u>169.46</u>	<u>600.00</u>	<u>174.84</u>
RECEIPTS OVER (UNDER) EXPENDITURES	0.00	-569.59	-174.84
UNENCUMBERED CASH, JULY 1, 2012	<u>10,436.19</u>	<u>1,496.80</u>	<u>650.00</u>
UNENCUMBERED CASH, JUNE 30, 2013	<u>\$ 10,436.19</u>	<u>\$ 927.21</u>	<u>\$ 475.16</u>

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	HEIMAN-DICK SCHOLARSHIP	ROTHFELDER SCHOLARSHIP	UNITED 4 YOUTH COUNTY- WIDE GRANT
<u>CASH RECEIPTS</u>			
INTEREST	\$ 168.00	\$ 134.61	\$ 0.00
STATE OF KANSAS	0.00	0.00	15,372.95
TOTAL CASH RECEIPTS	168.00	134.61	15,372.95
<u>EXPENDITURES</u>			
SCHOLARSHIPS	0.00	1,000.00	0.00
PROGRAMS FOR GRANT	0.00	0.00	0.00
TOTAL EXPENDITURES	0.00	1,000.00	0.00
RECEIPTS OVER (UNDER) EXPENDITURES	168.00	(865.39)	15,372.95
UNENCUMBERED CASH, JULY 1, 2012	24,000.00	13,428.15	(15,372.95)
UNENCUMBERED CASH, JUNE 30, 2013	\$ 24,168.00	\$ 12,562.76	\$ 0.00

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
<u>STUDENT ORGANIZATION FUNDS</u>				
AXTELL PUBLIC SCHOOLS				
SOAR AS AN EAGLE SCHOLARSHIP-2008	\$ 1,653.79	\$ 6.91	\$ 1,660.70	\$ 0.00
SOAR AS AN EAGLE SCHOLARSHIP-2009	10,231.40	19.56	10,250.96	0.00
SOAR AS AN EAGLE SCHOLARSHIP-2010	7,708.51	19.66	1,500.00	6,228.17
SOAR AS AN EAGLE SCHOLARSHIP-2011	10,057.19	29.45	0.00	10,086.64
SOAR AS AN EAGLE SCHOLARSHIP-2012	10,006.65	29.45	0.00	10,036.10
SOAR AS AN EAGLE SCHOLARSHIP-2013	0.00	10,007.95	0.00	10,007.95
CLASS OF 2013	3,748.94	159.85	3,908.79	0.00
CLASS OF 2014	1,628.45	16,841.75	13,326.04	5,144.16
CLASS OF 2015	648.32	0.00	0.00	648.32
CLASS OF 2016	418.65	0.00	0.00	418.65
CLASS OF 2017	0.00	621.39	0.00	621.39
FBLA	128.94	1,072.10	761.26	439.78
ACSC-AXTELL COMM. SERVICE CLUB	3,876.49	6,474.46	4,313.43	6,037.52
FFA	4,588.38	8,557.45	9,081.79	4,064.04
SCHOLARSHIPS	600.00	1,336.29	1,736.29	200.00
NATIONAL HONOR SOCIETY	715.35	33.00	507.70	240.65
STUCO	2,222.65	3,224.50	3,732.41	1,714.74
SUBTOTAL AXTELL PUBLIC SCHOOLS	58,233.71	48,433.77	50,779.37	55,888.11
WETMORE HIGH SCHOOL				
KAYS	138.68	4,900.29	4,879.86	159.11
STUCO	3,567.63	58.94	1,153.54	2,473.03
HONOR SOCIETY	62.40	819.88	479.28	403.00
CLASS OF 2009	400.09	0.00	0.00	400.09
CLASS OF 2011	411.34	0.00	0.00	411.34
CLASS OF 2012	337.99	0.00	40.00	297.99
CLASS OF 2013	1,846.68	56.23	1,442.49	460.42
CLASS OF 2014	839.26	16,555.33	14,707.99	2,686.60
CLASS OF 2015	0.00	1,064.60	608.42	456.18
SUBTOTAL WETMORE HIGH SCHOOL	7,604.07	23,455.27	23,311.58	7,747.76

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 3
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AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
<u>STUDENT ORGANIZATION FUNDS (cont.)</u>				
SABETHA HIGH SCHOOL				
STUDENT COUNCIL	\$ 4,444.01	\$ 29,111.97	\$ 29,445.96	\$ 4,110.02
KAYS	743.83	4,558.43	2,707.67	2,594.59
FFA	6,181.79	23,671.91	17,960.55	11,893.15
SABETHA BUSINESS CLUB	1,331.38	60.00	0.00	1,391.38
INTERNATIONAL CLUB	830.89	0.00	7.18	823.71
FFCLA	2,325.23	649.78	1,975.99	999.02
NATIONAL HONOR SOCIETY	235.00	778.84	520.09	493.75
FCA	739.94	881.81	870.27	751.48
CLASS OF 2016	0.00	360.00	0.00	360.00
CLASS OF 2015	110.00	307.00	0.00	417.00
CLASS OF 2014	895.93	18,162.29	16,013.66	3,044.56
CLASS OF 2013	3,279.37	0.00	3,279.37	0.00
SUBTOTAL SABETHA HIGH SCHOOL	21,117.37	78,542.03	72,780.74	26,878.66
 TOTAL AGENCY FUNDS	 \$ 86,955.15	 \$ 150,431.07	 \$ 146,871.69	 \$ 90,514.53

DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FUNDS	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
GATE RECEIPTS FUNDS							
AXTELL PUBLIC SCHOOLS							
SENIOR HIGH ATHLETICS	\$ 2,906.59	\$ 0.00	\$ 13,023.14	\$ 15,424.93	\$ 504.80	\$ 0.00	\$ 504.80
JUNIOR HIGH ATHLETICS	1,369.59	0.00	4,120.53	4,360.89	1,129.23	0.00	1,129.23
WETMORE HIGH SCHOOL							
ATHLETICS	11,790.21	0.00	12,703.54	15,143.85	9,349.90	0.00	9,349.90
SABETHA HIGH SCHOOL							
ATHLETICS	46,909.67	0.00	98,909.39	106,407.23	39,411.83	0.00	39,411.83
SABETHA MIDDLE SCHOOL							
ATHLETICS	34,090.69	0.00	13,911.47	16,437.66	31,564.50	0.00	31,564.50
SUBTOTAL GATE RECEIPTS FUNDS	97,066.75	0.00	142,668.07	157,774.56	81,960.26	0.00	81,960.26
SCHOOL PROJECTS FUNDS							
AXTELL PUBLIC SCHOOLS							
SCHOOL PLAY	520.38	0.00	592.00	421.30	691.08	0.00	691.08
STUDENT PURCHASES/REVOLVING	0.00	0.00	3,243.42	3,230.62	12.80	0.00	12.80
FFA FARM SAFETY	367.32	0.00	774.90	1,007.03	135.19	0.00	135.19
SALES TAX	0.07	0.00	2,434.54	2,434.61	0.00	0.00	0.00
ANNUAL	5,596.73	0.00	3,743.53	1,910.63	7,429.63	0.00	7,429.63
AHS CHEERLEADERS	267.01	0.00	5,744.15	5,311.70	699.46	0.00	699.46
AHS MUSIC/BAND	1,532.23	0.00	500.00	1,224.78	807.45	0.00	807.45
LIBRARY BOOK FUND	216.18	0.00	872.25	785.21	303.22	0.00	303.22
PIONEER SEED - R. HOLTHAUS DONATION	20.89	0.00	0.00	20.89	0.00	0.00	0.00
FACULTY	15.74	0.00	239.61	204.26	51.09	0.00	51.09
TEACHER SUPPLIES - FUND RAISERS/DONATIONS	1,113.23	0.00	1,154.72	1,019.11	1,248.84	0.00	1,248.84
HCC COURSES ENGLISH	832.54	0.00	1,629.00	150.00	2,311.54	0.00	2,311.54
STUDENT ACTIVITY PROJECTS	1,194.92	0.00	1,318.00	1,540.06	972.86	0.00	972.86
AHS FB FUND	0.00	0.00	2,034.02	1,184.02	850.00	0.00	850.00
AHS BB FUND	0.00	0.00	1,615.45	1,448.20	167.25	0.00	167.25
SUBTOTAL-AXTELL PUBLIC SCHOOLS	11,677.24	0.00	25,895.59	21,892.42	15,680.41	0.00	15,680.41
WETMORE HIGH SCHOOL							
STUDENT ACTIVITY PROJECTS	2,601.63	0.00	15,578.70	14,838.63	3,341.70	0.00	3,341.70
LIBRARY PROJECT	1.51	0.00	956.03	763.82	193.72	0.00	193.72
MUSIC	95.58	0.00	7,238.13	3,816.65	3,517.06	0.00	3,517.06
CARDINAL	3,945.22	0.00	6,468.84	4,143.02	6,271.04	0.00	6,271.04
CHEERLEADERS	1,062.34	0.00	1,907.57	895.82	2,074.09	0.00	2,074.09
BAND/VOCAL	269.55	0.00	871.00	839.24	301.31	0.00	301.31
SCHOLARSHIPS	0.00	0.00	410.00	400.00	10.00	0.00	10.00
BAND CLEANING	831.71	0.00	0.00	206.57	625.14	0.00	625.14
KSHSAA	2,615.56	0.00	1,625.00	1,438.01	2,802.55	0.00	2,802.55
COMPUTER FEES	1,872.21	0.00	262.88	186.88	1,948.21	0.00	1,948.21
SADD	63.27	0.00	350.00	395.88	17.39	0.00	17.39
SUBTOTAL WETMORE HIGH SCHOOL	13,358.58	0.00	35,668.15	27,924.52	21,102.21	0.00	21,102.21

DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
SCHOOL PROJECTS FUNDS (cont.)							
SABETHA HIGH SCHOOL							
SADD	\$ 1,102.46	\$ 0.00	\$ 2,085.03	\$ 1,554.80	\$ 1,632.69	\$ 0.00	\$ 1,632.69
ANNUAL	511.56	0.00	16,770.24	15,296.17	1,985.63	0.00	1,985.63
ART	145.66	0.00	967.50	666.03	447.13	0.00	447.13
LIFT-A-THON	1,275.08	0.00	3,817.00	2,885.23	2,206.85	0.00	2,206.85
BAND TRIP FUND	123.96	0.00	0.00	123.96	0.00	0.00	0.00
DRAMA	1,973.38	0.00	2,620.24	1,857.93	2,735.89	0.00	2,735.89
BAND	1,652.28	0.00	15,064.29	15,970.18	746.39	0.00	746.39
VOCAL/MUSIC	43.09	0.00	0.00	0.00	43.09	0.00	43.09
ODYSSEY SINGERS	8,106.13	0.00	43,809.66	50,490.76	1,425.03	0.00	1,425.03
LIBRARY/LIBRARY FINES	126.89	0.00	40.00	0.00	166.89	0.00	166.89
ACT PREP	94.32	0.00	497.00	517.00	74.32	0.00	74.32
PUBLIC SPEAKING	18,643.69	0.00	10,680.00	16,297.64	13,026.05	0.00	13,026.05
BLUE CREW	188.91	0.00	2,577.94	2,410.13	356.72	0.00	356.72
ACADEMIC BANQUET	0.00	0.00	2,986.45	2,786.62	199.83	0.00	199.83
DRIVERS EDUCATION	728.66	0.00	126.00	128.00	726.66	0.00	726.66
PHYSICAL EDUCATION	20.11	0.00	0.00	0.00	20.11	0.00	20.11
JAY JAYS	2,613.61	0.00	29,797.48	27,986.95	4,424.14	0.00	4,424.14
JAY JOURNAL	2,437.56	0.00	2,078.06	3,195.18	1,320.44	0.00	1,320.44
MUSICAL	2,602.62	0.00	4,880.58	3,622.85	3,860.35	0.00	3,860.35
STUDENT ACTIVITY PROJECTS	17,072.55	0.00	26,364.15	21,626.05	21,810.65	0.00	21,810.65
SUBTOTAL SABETHA HIGH SCHOOL	59,462.52	0.00	165,161.62	167,415.48	57,208.66	0.00	57,208.66
SABETHA MIDDLE SCHOOL							
STUDENT ACTIVITY PROJECTS	26,776.11	0.00	8,745.04	7,535.45	27,985.70	0.00	27,985.70
STUDENT ASSISTANCE PROJECT	238.51	0.00	150.00	72.42	316.09	0.00	316.09
SALES TAX	407.77	0.00	1,414.81	1,584.50	238.08	0.00	238.08
FLOWER/COFFEE FUND	157.77	0.00	351.00	501.55	7.22	0.00	7.22
ART	3,180.74	0.00	327.00	36.56	3,471.18	0.00	3,471.18
STUCO	705.14	0.00	0.00	45.25	659.89	0.00	659.89
BAND	0.00	0.00	144.25	144.25	0.00	0.00	0.00
LIBRARY BOOK FAIR	976.84	0.00	23.00	165.90	833.94	0.00	833.94
COUNTRY MART EDUC	16,988.73	0.00	50.57	3,912.47	13,126.83	0.00	13,126.83
CONCESSIONS PROJECT	7,208.91	0.00	12,260.51	12,713.31	6,756.11	0.00	6,756.11
SUBTOTAL SABETHA MIDDLE SCHOOL	56,640.52	0.00	23,466.18	26,711.66	53,395.04	0.00	53,395.04
SABETHA ELEMENTARY SCHOOL							
NEEDY CHILDREN PROJECT	58.91	0.00	0.00	0.00	58.91	0.00	58.91
POP PROJECT	157.84	0.00	1,123.41	1,076.63	204.62	0.00	204.62
BOOK FAIR	3,554.72	0.00	2,494.25	2,872.42	3,176.55	0.00	3,176.55
TREE PROJECT	1,946.58	0.00	0.00	0.00	1,946.58	0.00	1,946.58
STUDENT ACTIVITIES (PICTURES) PROJECT	15,174.59	0.00	5,839.88	6,938.65	14,075.82	0.00	14,075.82
SUBTOTAL SABETHA ELEMENTARY SCHOOL	20,892.64	0.00	9,457.54	10,887.70	19,462.48	0.00	19,462.48
SUMMERFIELD ELEMENTARY SCHOOL							
POP MACHINE	1.05	0.00	0.00	0.00	1.05	0.00	1.05
STATE TAX	0.48	0.00	0.00	0.00	0.48	0.00	0.48
GROCERY STORE RECEIPTS	49.23	0.00	0.00	45.94	3.29	0.00	3.29
BOOKFAIR	0.00	0.00	1,782.72	1,739.17	43.55	0.00	43.55
SUMMERFIELD TRACK	150.57	0.00	0.00	0.00	150.57	0.00	150.57
SPECIAL ACTIVITY PROJECTS	2,922.86	0.00	554.55	311.11	3,166.30	0.00	3,166.30
SUBTOTAL SUMMERFIELD ELEMENTARY SCHOOL	3,124.19	0.00	2,337.27	2,096.22	3,365.24	0.00	3,365.24
SUBTOTAL SCHOOL PROJECT FUNDS	165,155.69	0.00	261,986.35	256,928.00	170,214.04	0.00	170,214.04
TOTAL DISTRICT ACTIVITY FUNDS	\$ 262,222.44	\$ 0.00	\$ 404,654.42	\$ 414,702.56	\$ 252,174.30	\$ 0.00	\$ 252,174.30

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

OTHER SUPPLEMENTARY INFORMATION

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE 5

COMPARISON OF DEPOSITORY SECURITY WITH FUNDS ON DEPOSIT
6/30/2013

	F.D.I.C. COVERAGE	SECURITY PLEDGED		TOTAL COVERAGE	FUNDS ON DEPOSIT 6/30/2013	FUNDS AT RISK 6/30/2013
		PAR VALUE	MARKET VALUE			
<u>BANK</u>						
UNITED BANK & TRUST, SABETHA, KANSAS--						
DEMAND DEPOSITS	\$ 1,200.00				\$ 1,200.00	
TIME DEPOSITS	250,000.00	\$ 3,625,000.00	\$ 3,646,643.50	\$ 3,896,643.50	3,421,723.89	
SUBTOTAL	251,200.00	3,625,000.00	3,646,643.50	3,897,843.50	3,422,923.89	\$ 0.00
WETMORE NATIONAL BANK, WETMORE, KANSAS--						
DEMAND DEPOSITS	24,981.59				24,981.59	
TIME DEPOSITS	77,705.60				77,705.60	
SUBTOTAL	102,687.19	0.00	0.00	102,687.19	102,687.19	0.00
MERIT BANK, GOFF, KANSAS--						
TIME DEPOSITS	215,683.74	0.00	0.00	215,683.74	215,683.74	0.00
COMMUNITY NATIONAL BANK, SENECA, KANSAS--						
TIME DEPOSITS	250,000.00	1,500,000.00	1,691,127.00	1,941,127.00	1,691,127.00	0.00
MORRILL & JAMES BANK, SABETHA, KANSAS--						
TIME DEPOSITS	250,000.00	5,000,000.00	4,755,931.29	5,005,931.29	4,755,931.29	0.00
WESTERN NATIONAL BANK, SUMMERFIELD, KANSAS--						
DEMAND	3,598.22	0.00	0.00	3,598.22	3,598.22	0.00
STATE BANK OF BERN, BERN, KANSAS--						
TIME	250,000.00	1,330,000.00	1,421,660.90	1,671,660.90	1,403,509.27	0.00
TOTALS	\$ 1,323,169.15	\$ 11,455,000.00	\$ 11,515,362.69	\$ 12,838,531.84	\$ 11,595,460.60	\$ 0.00

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Kenneth L. Kickhaefer, CPA

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS

Board of Education
Prairie Hills Unified School District No. 113
Sabetha, Kansas 66534

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Prairie Hills Unified School District No. 113, Sabetha, Kansas, (the District) as of and for the year ended June 30, 2013 and the related notes to the financial statement, which collectively comprise Unified School District No. 113's basic financial statement and have issued our report thereon, dated November 11, 2013.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the schedule in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies (2013-1 through 2013-5).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (2013-1)

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2013-2 - 2013-5)

Compliance and Other Matters

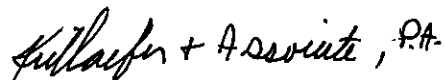
As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kickhaefer & Associate, P.A.
Marysville, Kansas
November 11, 2013

KICKHAEFER & ASSOCIATE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Prairie Hills Unified School District No. 113
Sabetha, Kansas 66534

Report on Compliance for Each Major Federal Program

We have audited the compliance of Prairie Hills Unified School District No. 113, Sabetha, Kansas, (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion the District complied, in all material respects, with the types of compliance

requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

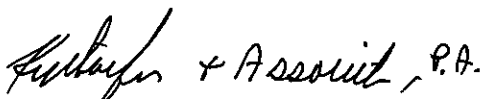
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 Kickhaefer & Associate, P.A.

Kickhaefer & Associate, P.A.

Marysville, Kansas

November 11, 2013

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT	BEGINNING BALANCE 07-01-12	RECEIPTS	EXPENDITURES	ENDING BALANCE 06-30-13
U.S. DEPT. OF EDUCATION:						
PASS-THROUGH PROGRAMS FROM:						
KANSAS DEPARTMENT OF EDUCATION:						
TITLE I - FY 13	84.010	\$ 144,722.00	\$ 0.00	\$ 144,722.00	\$ 129,337.43	\$ 15,384.57
TITLE I - FY 12	84.010	156,469.00	8,228.83	0.00	8,228.83	0.00
TITLE II - A FY 13	84.367	51,819.00	0.00	51,819.00	51,819.00	0.00
TITLE II - A FY 12	84.367	52,622.00	1,399.82	0.00	1,399.82	0.00
NEK SCHOOL TO WORK CONSORTIUM: SECONDARY IMPROVEMENT FUNDS	84.048	8,527.68	0.00	8,527.68	8,527.68	0.00
USD #498: PHYSICAL EDUCATION PROGRAM (PEP)	84215F	10,464.51	0.00	4,894.26	10,464.51	(5,570.25)
TOTAL PASS-THROUGH PROGRAMS					<u>209,777.27</u>	
TOTAL U.S. DEPT OF EDUCATION					<u>209,777.27</u>	
U.S. DEPT. OF HEALTH AND HUMAN SERVICES:						
PASS-THROUGH PROGRAM FROM:						
KANSAS DEPT. OF HEALTH AND ENVIRONMENT:						
MEDICAL ASSISTANCE PROGRAM	93.778	26,638.64	0.00	26,638.64	26,638.64	0.00
ARRA PREVENTION AND WELLNESS	93.723	300.00	0.00	300.00	300.00	0.00
SEKESC TO HOLTON SPECIAL EDUC. COOP ON BEHALF OF USD #113 FEDERAL WELFARE ASSISTANCE-MEDICAL	93.778	17,041.44	0.00	17,041.44	17,041.44	0.00
KANSAS DEPARTMENT OF AGING: UNITED 4 YOUTH COUNTYWIDE GRANT	93.243	4,950.00	0.00	4,950.00	4,950.00	0.00
USD #498: RURAL HEALTHCARE SERVICES OUTREACH (HRSA)	93.912	21,015.74	0.00	21,015.74	21,015.74	0.00
TOTAL PASS-THROUGH PROGRAMS					<u>69,945.82</u>	
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES					<u>69,945.82</u>	
U.S. DEPT. OF AGRICULTURE:						
HEALTHIER U.S. SCHOOLS CHALLENGE	10.574	2,000.00	0.00	2,000.00	2,000.00	0.00
PASS-THROUGH PROGRAMS FROM:						
KANSAS DEPARTMENT OF EDUCATION:						
SCHOOL BREAKFAST PROGRAM	10.553	51,884.90	0.00	51,884.90	51,884.90	0.00
SCHOOL LUNCH PROGRAM	10.555	236,199.81	0.00	236,199.81	236,199.81	0.00
TOTAL CHILD NUTRITION CLUSTER					<u>288,084.71</u>	
FEDERAL SCHOOL FOOD SERVICE	10.56	1,950.00	0.00	1,950.00	1,950.00	0.00
TEAM NUTRITION TRAINING GRANT	10.574	1,035.00	0.00	1,035.00	1,035.00	0.00
TOTAL PASS-THROUGH PROGRAMS					<u>291,069.71</u>	
TOTAL U.S. DEPT. OF AGRICULTURE					<u>293,069.71</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 572,792.80</u>	

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Prairie Hills Unified School District No. 113, Sabetha, Kansas and is presented on a regulatory basis of accounting which involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

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PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the Prairie Hills Unified School District No. 113, Sabetha, Kansas' financial statement under the regulatory basis of accounting and an adverse opinion under GAAP dated November 11, 2013.
2. One material weakness and four significant deficiencies relating to the audit of the financial statement are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of Prairie Hills Unified School District No. 113, Sabetha, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses in internal control relating to the audit of the major federal award programs are reported in the Independent Auditors' Report of Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Prairie Hills Unified School District No. 113, Sabetha, Kansas expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Prairie Hills Unified School District No. 113, Sabetha, Kansas, that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The program tested as a major program is the Child Nutrition Cluster, CFDA #'s 10.553 and 10.555. The Child Nutrition Cluster is a U.S. Department of Agriculture program.
8. The dollar threshold between Type A programs and Type B programs was \$300,000.
9. The Prairie Hills Unified School District No. 113, Sabetha, Kansas, did not qualify under Section 530 as a low-risk auditee and therefore was not eligible for reduced audit coverage in accordance with Section 520.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FINDINGS – FINANCIAL STATEMENT AUDIT

2013-1 Fraud – unauthorized pay

Condition: The Accounting Supervisor wrote herself duplicate paychecks and some negative deduction checks which were not authorized.

Criteria: The Accounting Supervisor should only receive the amount authorized by her contract.

Cause: The Accounting Supervisor had access to writing payroll checks and reconciling the payroll bank account.

Effect: She wrote \$36,145.12 worth of fraudulent checks to herself and made journal entries to reconcile the bank and keep her contracted amount showing the correct amount.

Recommendation: The payroll account bank reconciliation needs to be done by someone other than the Accounting Supervisor and a list of people getting direct deposit payroll needs to be given the Treasurer so he can compare those with people getting manual checks.

Views of Responsible Officials and Planned Corrective Actions: The district agrees with the finding and the recommendations. Administration has already assigned the bank reconciliation duty to the Administrative Assistant. More internal controls have been put in place to prevent this from happening.

2013-2 Bid procedure violation

Condition: No sealed bids were taken for the expenditures of \$69,480.00 for 120 Apple IPADS or for purchase of janitorial supplies for \$39,559.16 from Pur-O-Zone.

Criteria: Internal Controls should be in place to make sure that proper steps are taken in getting sealed bids for expenditures over \$20,000.

Cause: Board didn't realize they needed to go through the bid process in both situations.

Effect: No sealed bids were received for either purchase and that was a violation of K.S.A. 72-6760.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FINDINGS - FINANCIAL STATEMENT AUDIT (CONT.)

Recommendation: The Superintendent, tech. advisor, and the Board of Education need to be aware of the sealed bid requirements for expenditures over \$20,000. The Board of Education needs to go through the process of sealed bids even if Apple is the only one who makes IPADS. Janitorial supplies could be broken into components and various vendors or else put out for bid.

Views of Responsible Officials and Planned Corrective Actions: The district agrees with the finding and the recommended procedures. Careful consideration will be given expenditures which need to go through the sealed bid process.

2013-3 Bond Payment violation

Condition: The State Treasurer's Office did not receive the ACH Bond authorization form 20 days before the scheduled payment date of 3/1/13.

Criteria: Internal Controls should be in place to be sure the form is filed timely.

Cause: The Accounting Supervisor didn't send the forms early enough since February is a short month.

Effect: State office didn't receive the bond payment authorization till 2/13/13 and should have had it by 2/9/13. The remittance of funds did not meet the K.S.A. 10-130 requirements.

Recommendation: The Accounting Supervisor needs to make herself a reminder February 1st each year to get the bond payment forms filed timely.

Views of Responsible Officials and Planned Corrective Actions: The district agrees with the finding and the recommended procedures and the new Accounting Supervisor will file the forms earlier.

2013-4 Public Works Bond violation

Condition: The contract for \$146,296.79 with Rogers & Sons for electrical work did not have a public works bond with the State of Kansas filed with the Clerk of the District Court per K.S.A. 60.1111.

Criteria: Internal Controls should be in place to be sure that any construction or repair work over \$100,000 be properly bonded.

Cause: The vendor was the only bidder and it would take some time to get bonded. They had letter of credit for contract amount instead.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FINDINGS - FINANCIAL STATEMENT AUDIT (CONT.)

Effect: The work was completed but there was no bond on file as per statute.

Recommendation: Any contracts over \$100,000 should show filing of required bonds.

Views of Responsible Officials and Planned Corrective Actions: The district agrees with the finding and will be careful to get the required bonds.

2013-5 Federal monies monitored

Condition: The district has various people handling federal funds.

Criteria: The district is responsible for filing the Schedule of Expenditures of Federal Awards.

Cause: No one is compiling the total federal monies received and expended for the fiscal year.

Effect: The total amounts for The Schedule of Expenditures of Federal Awards is difficult to come up with to file with the Federal Clearing House.

Recommendation: One person should compile the information needed to capture all the federal monies expended by the district for the year. Those who handle federal funds should give totals to her for the report.

Views of Responsible Officials and Planned Corrective Actions: The district agrees with the finding and the recommended procedures. The central office will try to coordinate the federal monies to capture all federal monies expended in one report.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

No matters noted in the current fiscal year.

PRAIRIE HILLS UNIFIED SCHOOL DISTRICT NO. 113
SABETHA, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2013

PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

2012-1

Condition: No sealed bids were taken for Sabetha Middle School sound system for \$34,340.00.

Recommendation: Board can approval capital outlay plan need sealed bids for individual projects over \$20,000.

Current Status: Supt. and Board are aware of the bid laws. Other situations concerning bids were covered in this year's audit.

2012-2

Condition: The State Treasurer's Office did not receive the authorization for the 3/1/13 bond payments 20 days before the scheduled payment.

Recommendation: The Accounting Supervisor make note of upcoming bond payment on February 1st each year.

Current Status: The authorization was late again this year. The new Accounting Supervisor has been informed of this violation.

2012-3

Condition: Expenditures for the USD #441 Bond and Interest Fund were in excess of the adopted budgeted amount.

Recommendation: Figure the correct amounts for the payments of principle and interest for the bonds when doing the budget.

Current Status: There are no budget violations in the current year.

PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS

There were no prior year major federal award program findings or questioned costs.